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LISTING STATEMENT NO. 2607

LISTED MARCH 2, 1973
10,127,583 shares without par value
Stock Symbol AYO
Post Section 3.5

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

ALBANY OIL & GAS LIMITED

Incorporated under The Companies Act of Manitoba by
Letters Patent dated February 2, 1944

CUSIP 012490 108

1. Address of the Company's Head Office and of any other offices:

Head Office: 6th Floor, Bank of Canada Building, Lombard Place, Number Three, Winnipeg, Manitoba.
Executive Office: 660 One Calgary Place, Calgary, Alberta.

2. Officers of the Company:

Office Held	Name	Address	Occupation
President	Gordon Ralph Travis	339 Willowridge Place S.E. Calgary, Alberta	Executive
Vice-President	Kenneth P. Bottoms	343 Willowridge Place S.E. Calgary, Alberta	Geologist
Secretary-Treasurer	Ronald Boal	804 Hunterston Crescent N.W. Calgary, Alberta	Chartered Accountant

3. Directors of the Company:

Name	Address	Occupation
Jules E. Baert	1105 Royal Bank Building 220 Portage Avenue Winnipeg, Manitoba	Executive
Gordon Ralph Travis	339 Willowridge Place S.E. Calgary, Alberta	Executive
Adam A. W. Kryczka	2205 Hope Street S.W. Calgary, Alberta	Geologist
Kenneth P. Bottoms	343 Willowridge Place S.E. Calgary, Alberta	Geologist
Ronald Boal	804 Hunterston Crescent N.W. Calgary, Alberta	Chartered Accountant

4. Names and addresses of all transfer agents:

Montreal Trust Company — 213 Notre Dame Avenue, Winnipeg, Manitoba
466 Howe Street, Vancouver, British Columbia
777 Dorchester Boulevard West, Montréal, Québec
411-8th Avenue S.W., Calgary, Alberta
15 King Street West, Toronto, Ontario

5. Particulars of any fee charged upon transfer other than customary government taxes:

A fee of 75¢ is charged upon each transfer.

6. Names and addresses of all registrars:

Montreal Trust Company — 213 Notre Dame Avenue, Winnipeg, Manitoba
 466 Howe Street, Vancouver, British Columbia
 777 Dorchester Boulevard West, Montréal, Québec
 411-8th Avenue S.W., Calgary, Alberta
 15 King Street West, Toronto, Ontario

7. Amount of authorized capital: The authorized capital is 10,127,583 common shares without par value issuable for a consideration not to exceed \$5,000,000, and 4,872,417 8% non-cumulative, redeemable, convertible voting preference shares of the par value of \$1.00 each.

8. Number of shares and par value: 10,127,583 common shares without par value and 4,872,417 preference shares with par value of \$1.00 each.

9. Full details of all shares issued in payment for properties or for any other assets other than cash:

<u>Date</u>	<u>Number of Shares</u>	<u>Description</u>
From incorporation in 1944 to May 16, 1968	1,929,175	Of these shares, 1,826,675 were issued for properties including 1,450,000 for the acquisition of assets from Geneva Gold Mines Ltd., Conley Mines Ltd. and Albany Consolidated Mines Ltd., in 1944. 102,500 shares were issued for services rendered to the Company.
May 16, 1968 consolidated shares on a 1-for-4 basis	482,294	
May 16, 1968	656,250	Pursuant to an agreement dated May 16, 1968, the Company agreed, <i>inter alia</i> , to purchase all the properties and assets of Consolidated Regcourt Mines Ltd. ("Regcourt") including \$928,042.08 of indebtedness of Congreg Nickel Mines Ltd. ("Congreg") to Regcourt, 9,990,000 of the 10,000,000 issued and outstanding shares of Congreg and certain mining claims in Louvencourt Township, Province of Québec, in exchange for 656,250 shares of the Company.
May 16, 1968	93,750	Pursuant to an agreement dated May 16, 1968, the Company acquired from D. Phillip Owen the remaining 10,000 shares in the capital stock of Congreg in exchange for 93,750 shares of the Company.
January 18, 1971	160,000	Pursuant to an agreement dated January 18, 1971, the Company purchased from Chancellor Management Ltd. a 16 $\frac{2}{3}$ % working interest subject to a 15% overriding royalty until payout, thereafter being reduced to an undivided 11 $\frac{2}{3}$ % working interest with no override in the petroleum and natural gas rights to 3,489.5 acres of freehold land immediately north of Port Dover on the north shore of Lake Erie in Woodhouse Township of Southern Ontario. (1)
April 22, 1971	20,000	These shares were issued to G. R. Travis in consideration for services rendered to the Company valued at \$6,000.
August 12, 1971	42,000	These shares were issued to General Resources Development Ltd. in satisfaction of an obligation of the Company to pay the sum of \$21,000 on account of expenses and services provided to the Company. (2)
August 12, 1971	19,000	Pursuant to an agreement dated July 23, 1971, General Resources Development Ltd. sold to the Company 135,000 shares of Westrim Mining Corporation Ltd. for a consideration of 19,000 preference shares of the Company which were converted to 19,000 common shares of the Company. (2)
August 12, 1971	19,000	Pursuant to an agreement dated July 23, 1971, Gabco Limited sold to the Company 135,000 shares of Westrim Mining Corporation Ltd. for a consideration of 19,000 preference shares of the Company which were converted to 19,000 common shares of the Company. (3)
October 13, 1971	25,495	By an agreement dated July 16, 1971, as amended on October 8, 1971, the Company acquired from Chancellor Consultants Ltd. a 10% working interest in 2 permits in the Italian Adriatic Sea in consideration of the assumption of indebtedness in the amount of \$4,358.94 and the issue of 25,495 shares of the Company. (4)

<u>Date</u>	<u>Number of Shares</u>	<u>Description</u>
October 13, 1971	30,000	Pursuant to an agreement dated September 30, 1971, the Company acquired from David E. Butler a 1% gross overriding royalty interest in 10,400 acres in the Tony Creek Gas prospect for a consideration consisting of said 30,000 shares.
November 26, 1971	15,000	These shares were issued to D. Kiser for services rendered valued at \$5,250.
December 29, 1972	89,583	These shares resulted from the conversion of 89,583 preference shares held by Scurry Rainbow Oil Limited ("Scurry"). Scurry acquired 38,000 of said preference shares pursuant to an agreement dated July 23, 1971, whereunder Scurry sold to the Company 270,000 shares of Westrim Mining Corporation for a consideration consisting of said 38,000 preference shares. Scurry acquired the remaining 51,583 preference shares pursuant to an agreement dated August 11, 1971, whereunder Scurry sold to the Company 51,583 shares of Barriere Lake Minerals Limited (N.P.L.) for a consideration consisting of said 51,583 preference shares. The Company also purchased 9,350 escrowed shares of Barriere Lake Minerals Limited (N.P.L.) for a consideration of \$1.00 pursuant to this latter agreement.
TOTAL	1,652,372	

- (1) Kenneth P. Bottoms, a Vice-President and Director of the Company, owned 50% of the outstanding shares of Chancellor Management Ltd. at the time of this transaction.
- (2) G. R. Travis, the President and a Director of the Company, owned 42% of the shares of General Resources Development Ltd., and J. E. Baert, a Director of the Company, owned 16% of the shares of General Resources Development Ltd. at the time of this transaction.
- (3) J. E. Baert, a Director of the Company, was the beneficial owner of 51% of the shares of Gabco Limited at the time of this transaction.
- (4) Kenneth P. Bottoms, a Vice-President and Director of the Company, and Adam A. W. Kryczka, a Director of the Company, each owned 25% of the outstanding shares of Chancellor Consultants Ltd. at the time of this transaction.

10. Full details of all common shares sold for cash:

<u>Date</u>	<u>Number of Shares</u>	<u>Price Per Share</u>	<u>Amount realized by Company</u>
From incorporation in 1944 to May 16, 1968	2,473,682		\$156,610.92
May 16, 1968 consolidation on a 1-for-4 basis	618,420		
October 18, 1968	200,000	.50¢	100,000.00
March 26, 1969	100,000	1.00	100,000.00
March 23, 1971	400,000	.26¢	104,000.00
September 16, 1971	100,000	.35¢	35,000.00 (1)
February 2, 1972	400,000	.50¢	200,000.00
February 2, 1972	200,000	.60¢	120,000.00
April 13, 1972	600,000	.40¢	240,000.00 (2)
October 5, 1972	30,000	.50¢	15,000.00 (3)
February 26, 1973	1,200,000	1.20	1,440,000.00 (4)
TOTAL	3,848,420		2,510,610.92

- (1) These shares were purchased by Barriere Lake Minerals Ltd., 42% of whose shares were at the time controlled by the Company.
- (2) These shares were purchased by G.R.T. Investments Ltd., K.P.B. Investments Ltd., and R.W.A.B. Investments Ltd. (see Item 17 hereof).
- (3) These shares were purchased by G. R. Travis pursuant to the terms of the share option agreement referred to in Item 17 hereof.
- (4) These shares were sold pursuant to the private placement referred to in Item 16 hereof.

11. Total number of shares issued: 5,500,792 common shares are presently issued. There are no preference shares presently issued.

12. Number of shares now in treasury or otherwise unissued: 4,588,791 common shares and 4,872,417 preference shares are presently unissued.
13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes: Not applicable.
14. Date of last annual meeting: December 15, 1972.
15. Date of last report to shareholders: November 20, 1972.

<p>16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this is to be stated.</p>	<p>N. L. Sandler & Co. Limited, as agent for the Company, arranged a private placement of 1,200,000 common shares and 300,000 share purchase warrants of the Company in units of 4 shares and 1 warrant each at a price of \$4.80 per unit. Each warrant entitles the holder thereof to purchase one common share of the Company prior to the close of business on December 31, 1975, at a price of \$1.40 per share. This private placement was completed on February 26, 1973.</p> <p>See Item 33 for use of proceeds arising from this private placement.</p>
<p>17. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed.</p>	<p>By Agreement dated March 28, 1972, approved by shareholders on August 27, 1972, the Company issued 200,000 shares to each of G.R.T. Investments Ltd. ("G.R.T."), K.P.B. Investments Ltd ("K.P.B.") and R.W.A.B. Investments Ltd. ("R.W.A.B.") at 40¢ per share for a total of \$240,000, payable in annual installments of \$26,666.66 respectively. The Company received from each of the purchasers 6% promissory notes due in three equal installments commencing March 31, 1973, as consideration for the issuance of the shares which are lodged with the Company's transfer agent as security against payment of the promissory notes. By Agreement dated August 15, 1972, between G.R.T., K.P.B., R.W.A.B. and Buffalo Oil & Gas Ltd. ("Buffalo"), Buffalo was granted the right to acquire up to a total of 50,000 of the said shares from each of G.R.T., K.P.B. and R.W.A.B.</p> <p>By Agreement dated August 1, 1971, approved by shareholders on August 27, 1971, cumulative stock options were granted to Gordon R. Travis, 339 Willowridge Place S.E., Calgary, Alberta; Kenneth P. Bottoms, 343 Willowridge Place S.E., Calgary, Alberta; and Ronald W. A. Boal, 804 Hunterston Crescent N.W., Calgary, Alberta, on a total of 240,000 shares of the Company exercisable as to 80,000 shares each at an exercise price of 50¢ per share. The options are exercisable in three annual installments commencing August 1, 1971, the first installment for 30,000 shares and the second and third installments for 25,000 shares each.</p> <p>All the shares of G.R.T. are beneficially owned by Gordon R. Travis and the immediate members of his family. Mr. Travis is the President and a Director of the Company.</p> <p>All the shares of R.W.A.B. are beneficially owned by Ronald Boal and his wife, Agnes Boal. Mr. Boal is the Secretary-Treasurer and a Director of the Company.</p> <p>All the shares of Buffalo are beneficially owned by Adam W. Kryczka and his wife, Karen Kryczka. Mr. Kryczka is a Director of the Company.</p> <p>All the shares of K.P.B. are beneficially owned by Susan Bottoms, the wife of Kenneth P. Bottoms. Kenneth P. Bottoms is a Vice-President and a Director of the Company.</p>
<p>18. Details of any payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>Not applicable.</p>
<p>19. Details of any shares pooled, deposited in escrow, non-transferable or held under any voting trust agreement, syndicate agreement or control.</p>	<p>Not applicable.</p>

20. Names and addresses of owners of more than a 5% interest in pooled or escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable.														
21. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table> <tr> <th data-bbox="628 500 828 532">Name and Address</th><th data-bbox="1213 500 1410 532">Number of Shares</th></tr> <tr> <td data-bbox="628 545 1074 638">Doherty Roadhouse & McCuaig Bros. Simpson Tower, Bay Street Toronto, Ontario</td><td data-bbox="1259 545 1367 577">342,778*</td></tr> <tr> <td data-bbox="628 646 1028 739">Richardson Securities of Canada 1 Lombard Place Winnipeg, Manitoba</td><td data-bbox="1259 646 1367 678">336,998</td></tr> <tr> <td data-bbox="628 747 997 867">G.R.T. INVESTMENTS LTD. c/o Albany Oil & Gas Ltd. 660 One Calgary Place Calgary, Alberta</td><td data-bbox="1259 747 1367 779">200,000</td></tr> <tr> <td data-bbox="628 875 997 994">K.P.B. INVESTMENTS LTD. c/o Albany Oil & Gas Ltd. 660 One Calgary Place Calgary, Alberta</td><td data-bbox="1259 875 1367 907">200,000</td></tr> <tr> <td data-bbox="628 1002 967 1122">R.W.A.B. INVESTMENTS c/o Albany Oil & Gas Ltd. 660 One Calgary Place Calgary, Alberta</td><td data-bbox="1259 1002 1367 1034">200,000</td></tr> <tr> <td colspan="2" data-bbox="628 1130 1410 1369">* General Resources Development Ltd. ("Resources") owns 57,355 of these shares. G. R. Travis owns 42% of the shares of Resources, and Jules E. Baert, a director of the Company, owns 16% of the shares of Resources. The Company is not aware of the beneficial ownership of the remaining shares registered in the name of Doherty Roadhouse & McCuaig Bros. or of the shares registered in the name of Richardson Securities of Canada.</td></tr> </table>	Name and Address	Number of Shares	Doherty Roadhouse & McCuaig Bros. Simpson Tower, Bay Street Toronto, Ontario	342,778*	Richardson Securities of Canada 1 Lombard Place Winnipeg, Manitoba	336,998	G.R.T. INVESTMENTS LTD. c/o Albany Oil & Gas Ltd. 660 One Calgary Place Calgary, Alberta	200,000	K.P.B. INVESTMENTS LTD. c/o Albany Oil & Gas Ltd. 660 One Calgary Place Calgary, Alberta	200,000	R.W.A.B. INVESTMENTS c/o Albany Oil & Gas Ltd. 660 One Calgary Place Calgary, Alberta	200,000	* General Resources Development Ltd. ("Resources") owns 57,355 of these shares. G. R. Travis owns 42% of the shares of Resources, and Jules E. Baert, a director of the Company, owns 16% of the shares of Resources. The Company is not aware of the beneficial ownership of the remaining shares registered in the name of Doherty Roadhouse & McCuaig Bros. or of the shares registered in the name of Richardson Securities of Canada.	
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22. Names and addresses of persons whose shareholdings are large enough to materially affect control of the Company.	To the best of the knowledge of the officers and directors of the Company, no person beneficially owns more than 10% of the issued and outstanding shares of the Company.														
23. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	<p>(a) Pursuant to a Filing Statement dated December 30, 1966, the Company sold in the Province of British Columbia 200,000 old common shares through the facilities of the Vancouver Stock Exchange.</p> <p>(b) Pursuant to a Statement of Material Facts dated October 18, 1968, the Company sold in the Province of British Columbia 200,000 shares through the facilities of the Vancouver Stock Exchange.</p> <p>(c) Pursuant to a Statement of Material Facts dated March 3, 1971, the Company sold in the Province of British Columbia 400,000 shares through the facilities of the Vancouver Stock Exchange.</p> <p>(d) Pursuant to a Statement of Material Facts dated February 1, 1972, the Company sold in the Province of British Columbia 600,000 shares through the facilities of the Vancouver Stock Exchange.</p>														
24. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled, suspended or revoked? If so, give particulars.	No.														

<p>25. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.</p>	<p>Pursuant to an agreement made as of the 5th day of April, 1971, between the Company and the Estate of John Albert McCartney, Joseph Pickens Coleman and Rothwell Oil Limited, the Company acquired certain interests in lands in the Hatton Area of the Province of Saskatchewan for a purchase price of \$90,000. The Company issued 5½% promissory notes to the extent of \$65,000 of the purchase price and at the present time there are still promissory notes in the amount of \$40,000 outstanding, \$25,000 of which becomes payable on March 15, 1973, and the balance of \$15,000 becomes payable on March 15, 1974.</p> <p>Pursuant to Section 82 of the Bank Act, the Company assigned to a Canadian chartered bank all its reserves in the Viking Area of Alberta. The Company is obligated upon request by the bank to give a further Section 82 assignment on all its reserves.</p>
<p>26 If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.</p>	<p>The Company owns all the issued and outstanding shares of Conrego Nickel Mines Limited and Albany Oil & Gas (U.K.) Limited whose accounts are consolidated with those of the Company.</p> <p>The assets of the Company include the following investments:</p> <ul style="list-style-type: none"> a) 675,000 shares of Westrim Mining Corporation Limited. Cost — \$70,300. No quoted market value. b) 60,933 shares of Barriere Lake Minerals Ltd. Cost — \$51,584. No quoted market value. c) 79,178 shares of Portage Avenue Gold Mines Limited. Nominal value \$1.00. d) 269,998 shares of Gold Island Mining Company Limited. Nominal value \$1.00. e) Sundry shares. Cost — \$2.00.
<p>27. Enumerate fully each of the following property classifications, giving claim or property numbers, approximate acreage, townships and mining camp or oil field:</p> <ul style="list-style-type: none"> (a) Properties owned where titles vested in Company. (b) Properties leased. (c) Properties otherwise held. 	<p>See Appendix 1, commencing on Page 10.</p>
<p>28. Particulars of any royalties or other charges payable upon production from each individual property.</p>	<p>See Appendix 1, commencing on Page 10.</p>
<p>29. Names and addresses of vendors of any property or other assets intended to be purchased by the Company showing the consideration to be paid.</p>	<p>Not applicable.</p>
<p>30. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.</p>	<p>Not applicable.</p>
<p>31. Are any lawsuits pending or in process against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so, explain fully.</p>	<p>There are no lawsuits pending or in process against the Company or any of its properties. To the knowledge of the directors and officers of the Company there are no circumstances which might affect the Company's position or title adversely.</p>

32. Describe plant and equipment on property or properties.	Not applicable.
33. Describe all development accomplished and planned.	<p>During the past 18 months the Company has participated in the drilling of 30 wells in Alberta and Saskatchewan, 27 of which were successful and are capable of commercial production. These, together with the 8 wells originally purchased in the Hatton Area, bring the Company's total of successfully completed wells to 35, in which the Company has net interests varying from 5% to 25%. Gas reserves attributed to the Company's account are conservatively estimated at 60 billion cubic feet which, it is anticipated, will increase with development drilling during 1973. Total cost for establishing reserves to date has been approximately 1¢ per thousand cubic feet.</p> <p>The Company has acquired varying interests in more than 100,000 gross acres in the plains and foothills areas of Western Canada and a 2% net working interest in 773,000 acres in United Kingdom offshore permits. The Company's interests in the United Kingdom offshore permits are located in proven and developing areas in the North Sea, Celtic Sea and waters west of the Shetland Islands.</p> <p>The Company was the operator of the Albany Amoco Ricinus test, a 14,600-foot Leduc D-3 reef discovery 70 miles northwest of Calgary in the Alberta foothills. The well was commenced November 30, 1971, and completed September 16, 1972, at a cost exceeding \$2,200,000, 50% of which was the result of blowout problems which, it is anticipated, will be avoided in subsequent wells.</p> <p>The calculated absolute open flow potential of the Ricinus well is 460 million cubic feet of gas per day, a discovery of major significance. The Company and partners plan development drilling at Ricinus during 1973, with the view to commencing commercial production prior to June, 1975.</p> <p>The Company was also the operator of the Viking gas play whereunder 6 wildcat wells were drilled to earn an interest in 57 sections in central Alberta. Of the 6 wells drilled, 5 were commercial, and an additional 38 sections are currently being earned by the drilling of 7 wildcat wells.</p> <p>To date, the Company has committed less than 20% of total proven reserves under contract to gas transmission companies. This basic reluctance to commit gas reserves prematurely resulted from a belief by the Company in significant short-term increases in the price of natural gas. In the Hatton Area, where none of the Company's reserves has been committed, gas offering prices have increased almost 100% in the past 18 months and current contract offers are being negotiated with plans to have the Hatton Area gas on stream in the fall of 1973.</p> <p>The Company has agreed to act as operator of the Halliday Prospect in the Province of Alberta thereby earning a 5% interest in the spacing unit and a 2½% interest in a further 1½ sections.</p> <p>The Company will continue to evaluate oil and gas prospects while developing the reserves established to date. The 1973 program of wells is expected to compare with the development and exploration program completed by Albany during the past 18 months.</p> <p>The private placement referred to in Item 16 hereof generated a gross sum of \$1,440,000 for the Company which after commission has netted the Company the sum of \$1,320,000.</p> <p>The Company will use \$400,000 of the proceeds from the private placement to exercise its option to "Back-In" to a 5% working interest in the South Ricinus Area play. An additional sum of \$75,000 will be expended by the Company as its 5% share of the cost of one additional well presently proposed to be drilled in the South Ricinus Area.</p> <p>A sum of \$150,000 will be expended by the Company as its one-quarter share of the further drilling program proposed to be carried out in the Viking Area.</p> <p>A sum of \$300,000 is proposed to be expended by the Company to pay its 25% share of the cost of the gathering system and compression stations to be installed and further additional drilling to be conducted in the Hatton Area.</p> <p>The Company has earmarked approximately \$400,000 of the proceeds from the private placement for general exploration activities and working capital.</p>
34. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.	<p>Report Titled: Albany Oil and Gas Ltd. Evaluation of Reserves Ricinus, Viking, Hatton</p> <p>By: Farries Engineering Ltd.</p> <p>Dated: January, 1973</p> <p>Report Titled: Mineral Properties of Albany Oil & Gas Ltd.</p> <p>By: Gallant, Patterson and Associates Ltd.</p> <p>Dated: January 15, 1973</p>
35. Full particulars of production to date.	There has been no production to date.

<p>36. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.</p>	<p>No dividends have ever been paid by the Company.</p>
<p>37. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange</p>	<p>Thompson, Dewar, Sweatman, 500-213 Notre-Dame Avenue, Winnipeg, Manitoba.</p>
<p>38. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.</p> <p>(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.</p> <p>(c) Has any application for listing of any shares of the Company ever been refused or deferred by any stock exchange? If so, give particulars.</p>	<p>The Company's shares are presently listed on the Vancouver and Canadian Stock Exchanges.</p> <p>No.</p> <p>No.</p>
<p>39. Particulars of the principal business in which each officer and director has been engaged during the past five years, giving the length of time, position held, and name of employing company or firm.</p>	<p>See Appendix 2, on Page 16.</p>
<p>40. The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing.</p>	<p>a) Employment Agreement dated May 15, 1971, between the Company and Gordon R. Travis pursuant to which the Company retained the services of Gordon R. Travis for a period of 5 years commencing June 1, 1971, at a minimum annual salary of \$20,000.</p> <p>b) Employment Agreement dated May 15, 1971, between the Company and Kenneth P. Bottoms pursuant to which the Company retained the services of Kenneth P. Bottoms for a period of 5 years commencing June 1, 1971, at a minimum annual salary of \$20,000.</p> <p>c) Employment Agreement dated May 15, 1971, between the Company and Ronald Boal pursuant to which the Company retained the services of Ronald Boal for a period of 5 years commencing June 1, 1971, at a minimum annual salary of \$17,000.</p>
<p>41. Any other material facts not disclosed in the foregoing.</p>	<p>The Company is not aware of any other material facts which are not disclosed in the foregoing.</p>

42. STATEMENT SHOWING DISTRIBUTION OF ISSUED CAPITAL
as of December 15, 1972.

FREE STOCK		Shares
(a) Distributed and in the hands of the public (exclusive of the promoters, officers and directors of the Company and their agents or trustees).		3,414,420
(b) Distributed and in the hands of the promoters, officers and directors of the Company and their agents or trustees.		796,789
Total free stock		4,211,209
ESCROWED OR POOLED STOCK		
(c) Held in escrow or pool as set out in Item 19 of this application.		Nil
Total issued capital		4,211,209
RECORD OF SHAREHOLDERS		
Number of registered shareholders holding shares in class (a) above		1,601
Number of registered shareholders holding shares in class (b) above		7
Number of registered shareholders holding shares in class (c) above		Nil

43. STATEMENT SHOWING NUMBER OF SHAREHOLDERS
as of December 15, 1972.

Number		Shares
490	..... Holders of 1 — 99 shares	14,173
557	..... " " 100 — 499 "	110,298
208	..... " " 500 — 999 "	117,346
179	..... " " 1000 — 1999 "	209,360
49	..... " " 2000 — 2999 "	105,265
28	..... " " 3000 — 3999 "	90,374
12	..... " " 4000 — 4999 "	51,017
85	..... " " 5000 — up "	3,513,376
<u>1,608</u>	Stockholders	<u>Total Common Shares 4,211,209</u>

DATED AT TORONTO THE 22ND DAY OF JANUARY, 1973.

ALBANY OIL & GAS LIMITED



“GORDON R. TRAVIS”,
President

“RONALD BOAL”,
Secretary-Treasurer

APPENDIX 1 (Items 27 and 28)

MINERAL PROPERTIES

Northwest Territories

The Company holds a net 21½% carried working interest in approximately 13,400 acres of prospective mineral permits in the Hood-James River Area of the Northwest Territories (NTS 76-M-3). This acreage is in good standing until March 31, 1974.

Québec

In the Province of Québec the following mineral claims:

Claim No. 65468 -1	Blondeau Township	Claim No. 65598 1-5	Blondeau Township	Claim No. 46588 1-5	Blondeau Township
Claim No. 58205 1-5	Blondeau Township	Claim No. 93600 1-5	Blondeau Township	Claim No. 46589 1-5	Blondeau Township
Claim No. 65597 1-5	Blondeau Township	Claim No. 96017 1-5	Blondeau Township	Claim No. 46590 1-5	Blondeau Township

Mining Concession — No. 361 Blondeau Township

The claims in Blondeau Township, Québec, have a proven orebody of approximately 1.25 million tons of nickel-copper ore grading 1.4% combined. The Company is at present endeavouring to arrange financing to bring the property into production.

MANITOBA MINERAL PROPERTIES

The Company is the recorded and beneficial owner of the following mineral properties in the Province of Manitoba:

(a) the following patent:

Gold Bar	Lot 360	Group 124	Issued September 13, 1927
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(b) the following mineral leases:

Gilbert	Lease 140	Lot 129	Group 124	Renewed 21 years from October 28, 1963
Gilbert No. 1	Lease 564	Lot 296	Group 124	Renewed 21 years from August 13, 1967
Ballyhoo	Lease 876	Lot 484	Group 124	Renewed 21 years from May 18, 1970
Albany	Lease M360	Lot 549	Group 124	Renewed 21 years from August 21, 1955
Geneva	Lease M1083	Lot 548	Group 124	Renewed 21 years from April 24, 1960
Geneva No. 1	Lease M1084	Lot 962	Group 124	Renewed 21 years from April 24, 1960
Geneva No. 2	Lease M1085	Lot 963	Group 124	Renewed 21 years from April 24, 1960

Albany Oil & Gas Limited · Annual Report 1972

To The Shareholders

On behalf of the Board of Directors I am pleased to present the Albany Oil & Gas Limited annual report for the year ended May 31, 1972.

During the past 18 months management has followed a consistent corporate policy, balancing a program of shallow gas and oil development together with the origination and promotion of larger wildcat plays at minimum cost to the Company.

To date Albany has participated in the drilling of 29 wells in Alberta and Saskatchewan, 27 of which were successful and are capable of commercial production. These, together with the 8 wells originally purchased brings the Company's total of successfully completed wells to 35, in which we have net interests varying from 5% to 25%. Gas reserves attributed to Albany's account are conservatively estimated at 60 billion cubic feet, a number which will increase with development drilling during 1973. Total cost for establishing reserves to date has been approximately 1¢ per thousand cubic feet.

The Company has acquired varying interests in excess of 100,000 gross acres in the plains and foothills areas of Western Canada and a 2% net working interest in 773,000 acres in United Kingdom offshore permits. Our interests in the U.K. offshore areas are well located in proven and developing areas in the North Sea, Celtic Sea and waters west of the Shetlands.

A discovery on any one of Albany's offshore blocks would have a significant impact on the Company's future. Detailed summaries of the Company's major interests are featured elsewhere in this report.

The Company was the operator of the Albany Amoco Ricinus test, a 14,600-foot Leduc D-3 reef discovery 70 miles northwest of Calgary in the Alberta foothills. The well was commenced November 30, 1971 and completed September 16, 1972 at a cost exceeding 2.2 million dollars, 50% of which was the result of blowout problems which will be avoided in subsequent wells.

The calculated absolute open flow potential of the Ricinus well is 460 million cubic feet of gas per day, a discovery of major significance. Albany and partners plan immediate development drilling at Ricinus pointed towards a production date prior to June, 1975.

To date, Albany has assigned less than 20% of total proven reserves to contracts for the sale of gas to transmission companies. This basic reluctance to place the gas reserves on stream prematurely resulted from a firm belief in the near term prognosis for significant increases in the price of natural gas. In Hatton alone, where none of Albany's reserves have been assigned, an increase of almost 100% in the price of contract offers has been witnessed in the past 18 months.

While developing the reserves discovered during 1972, management is continuing to examine prospects on a world-wide basis with the view of expanding the Company's exposure in the rapidly growing energy resource field.

Respectfully submitted

Gordon R. Travis
President

Nov. 20, 1972



RICINUS

5,760 Gross Acres
 Leduc D-3 Reef Gas
 Albany Working Interest:
 16 $\frac{2}{3}$ % 640 Acres
 5% 3,200 Acres
 16 $\frac{2}{3}$ % 1,920 Acres

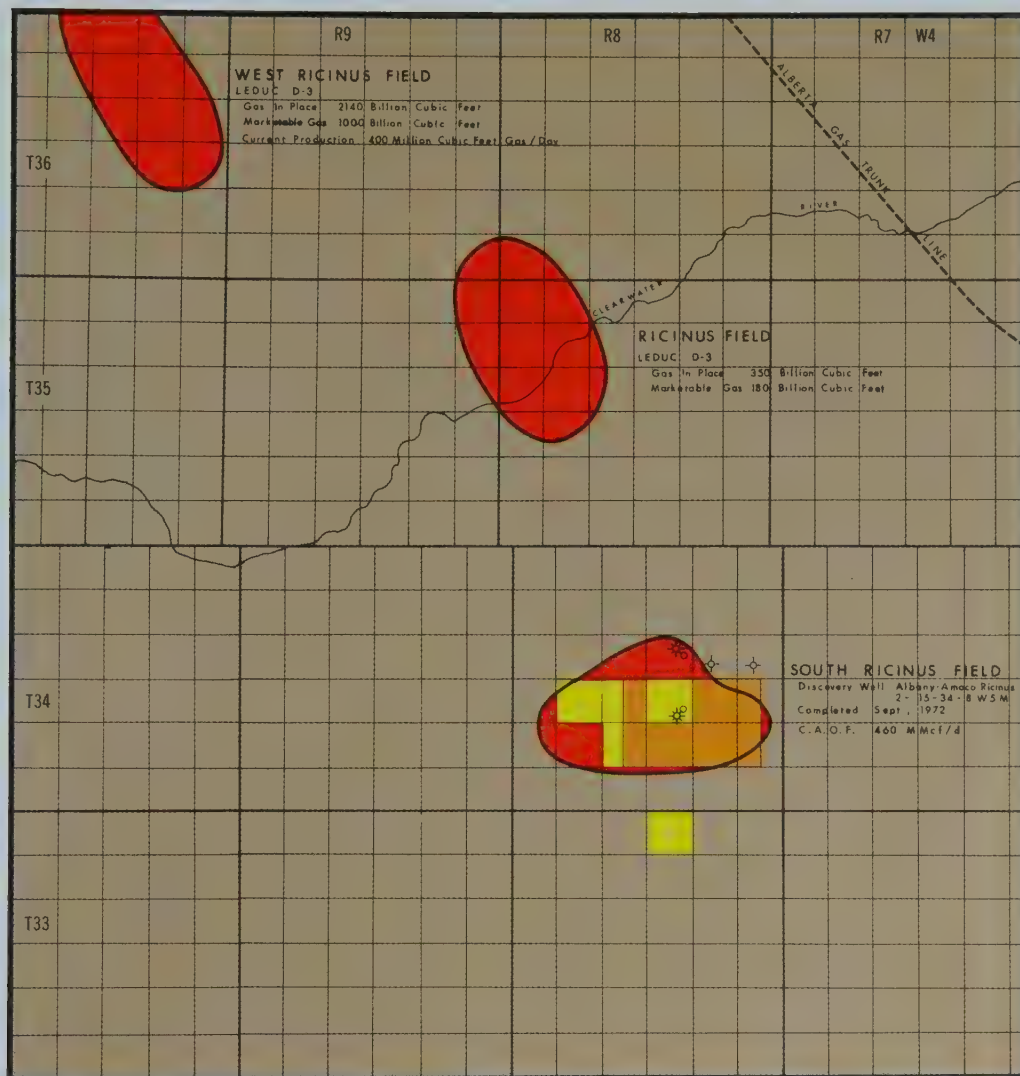
VIKING

60,800 Gross Acres
 Viking Sand Gas
 Glaucinite Gas
 D-1 Gas
 Sparky Oil
 Albany Working Interest:
 25% 36,480 Acres
 20.8% 24,320 Acres

HATTON

43,040 Acres
 Medicine Hat Sand Gas
 40,320 Acres
 Milk River Gas
 Albany Net Interest:
 25%

Ricinus Area Alberta



The Albany Ricinus wildcat was spudded on November 30, 1971 and reached total depth of 14,600 feet in the Leduc D-3 reef on August 30, 1972. The well was completed on September 13th as a major natural gas discovery and will lead to the drilling of additional reef locations and construction of a gas processing plant over the next 2 years. The Ricinus test, drilled on a six section Amoco farmout block 70 miles northwest of Calgary, resulted in a multiple zone discovery and is clearly the most significant well drilled by Albany during 1972.

A natural gas blowout from the Banff formation (Mississippian) during April was responsible for the unusually long drilling period which normally should not have exceeded five months. The Banff reservoir, which contains sweet gas under extremely high pressure, will not be completed in the 2-15 discovery but will be thoroughly tested in subsequent wells.

The D-3 reef encountered in the Ricinus test exhibits almost total buildup and is typical of the best reef wells in the Strachan, Ricinus and West Ricinus fields. Production test

data indicate that the well is capable of producing 45 to 50 million cubic feet of gas per day, restricted only by the size of the producing string that could be installed. The well has a calculated absolute open flow potential of 460 million cubic feet of gas per day which is indicative of an excellent reservoir. Because of drilling problems Albany et al were reluctant to core and test in the D-3 reef but rather elected to drill to total depth, run a full suite of logs, install production casing and test the reservoir through perforations. In so doing we were unable to establish an absolute gas water contact, but the well has a minimum of 400' of net pay.

The seismic data on which the well was drilled has been proven valid and a subsequent review of all available geophysics outlines a reef area which by comparison with other D-3 reefs in the region, should contain in excess of 1 trillion cubic feet of gas. Gas analyses indicate a hydrogen sulphide content of approximately 30% which is typical of the Ricinus and West Ricinus fields.

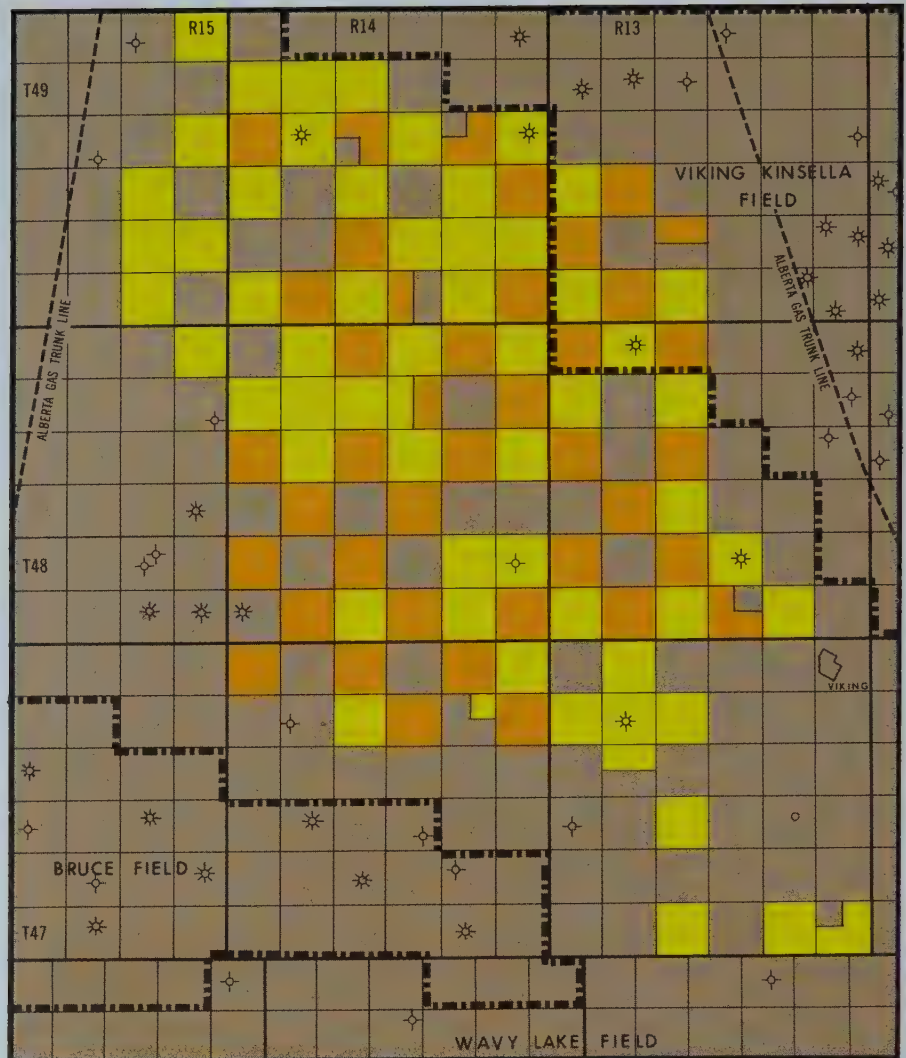
Albany Oil & Gas Limited committed to the farmout from Amoco Canada and

subsequently arranged for a number of partners to provide the total cost of drilling and completing the well. During the period of drilling Albany maintained a 1.05% gross overriding royalty convertible to a 5% net working interest by paying our partners 16 2/3% of the cost of drilling the well within 180 days of rig release. Albany is entitled to 16 2/3% of the income from the earning well until payout after which time the interest will reduce to a net 5% in all farmout lands. In addition to Crown royalties, the Albany interest is subject to a net .5% gross overriding royalty payable out of Albany's 5% interest. Albany's costs will approximate \$370,000 for the earning well and should not exceed \$75,000 on each of the subsequent wells.

Albany and partners posted 3 sections of Crown land on the western extremity and to the south of the farmout lands, which were offered for bids at the October 31, 1972 Crown lease sale. The Albany group succeeded in acquiring the additional acreage for a total consideration of \$560,000. Albany's net interest in the Crown Sale lands is 16 2/3%.

Viking Area Alberta

- ALBANY 25% WORKING INTEREST
- ALBANY 20.83% WORKING INTEREST



Albany and partners drilled six wildcat wells on a 57 section (36,480 acres) farmout from Voyager Petroleum Ltd. of Calgary. Albany earned a 25% working interest in the lands for assuming 10% of the costs.

Five of the six wells encountered gas reservoirs in the Viking, Glauconite, Blairmore and Devonian formations. In addition, one well encountered oil in the Sparky zone and will be further evaluated in the development program. In each case the gas is sweet, requiring no treatment for sulphur and can be readily marketed via Alberta Gas Trunk Line facilities which straddle the acreage.

A second farmout has been negotiated with Pan Canadian Oils (CPOG) to drill 7 exploratory tests to earn 38 sections (24,320 acres) of land contiguous with the Voyager farmout. Upon completion of the program Albany will have earned a net 20.83% working interest for assuming 20.83% of the costs.

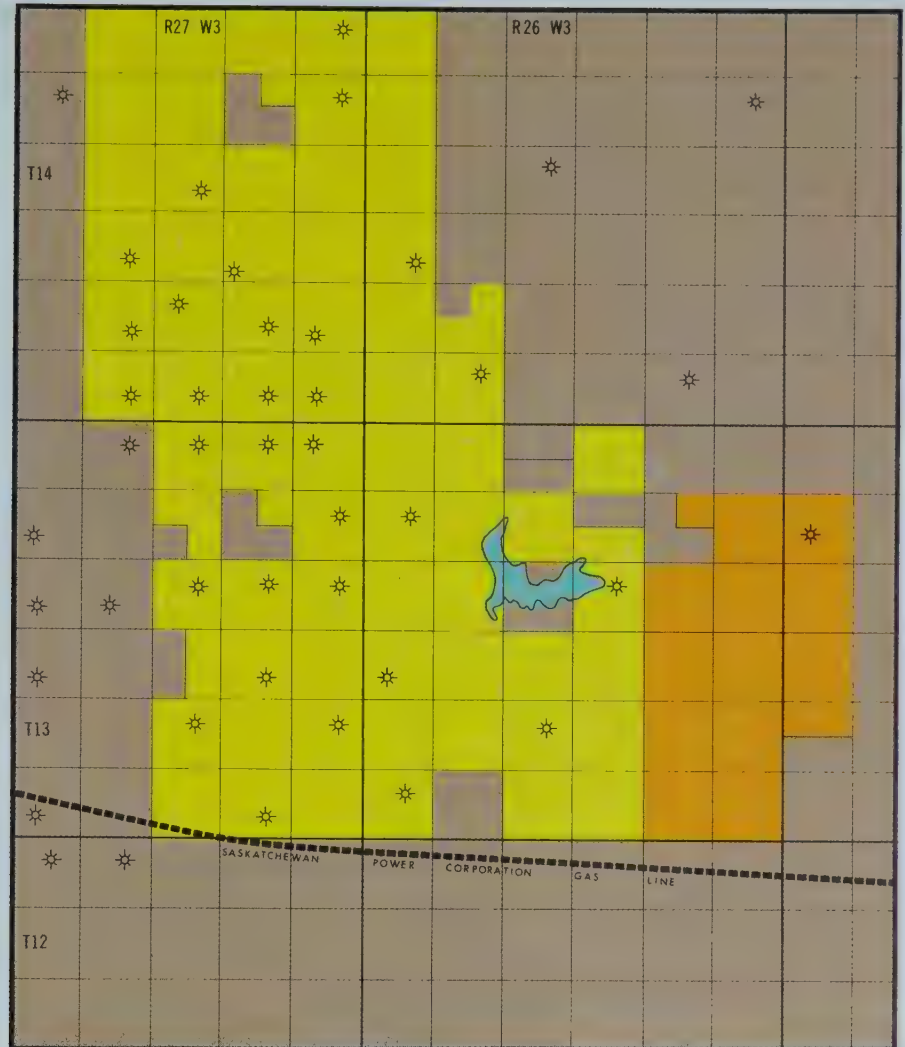
In each case the farmors have reserved the right to back into a 50% working interest in the lands after Albany and partners have fully recovered all exploration and development costs.

If the farmors should so elect Albany's net working interest would be 12½% on the Voyager lands and 10.41% on the PanCanadian lands.

It is difficult to project flow rates and ultimate reserves on the project at this time but it is anticipated that approximately 30 million cubic feet of gas per day should be producible from the 60,800 acres under farmout.

Hatton Field Area Saskatchewan

- ALBANY 25% WORKING INTEREST
- ALBANY 12 1/2% WORKING INTEREST



Albany Oil & Gas Limited and partners have completed a 21 well drilling program on a large block comprising 43,040 acres of Medicine Hat Sand rights and 40,320 acres of Milk River Sand rights in the Hatton area of southwest Saskatchewan. Eight additional wells were purchased with the initial lands for a current total of 29, all of which have been successfully completed in the Milk River and/or Medicine Hat Sands with no dry holes having been drilled to date. All of the Hatton acreage is considered proven.

Participation in the Hatton program is divided between Albany and Sedco Drilling, each having a net 25% interest and Star Oil & Gas Limited (Canadian Breweries Ltd.), who hold a net 50% interest. Engineering evaluations indicate proven reserves in the Milk River and Medicine Hat reservoirs which should support a producing rate of 25 to 30 million cubic feet of gas per day.

Due to the anticipated increases in the price of natural gas Albany et al have elected to develop the Hatton reserves prior to committing to a long term contract at premature prices. Current contract offers are being considered,

however, and production is expected to commence during the summer of 1973. Production of the gas at Hatton is considered to be a major source of future revenue for Albany Oil & Gas Limited.



"Ocean Tide"—A typical North Sea drilling rig

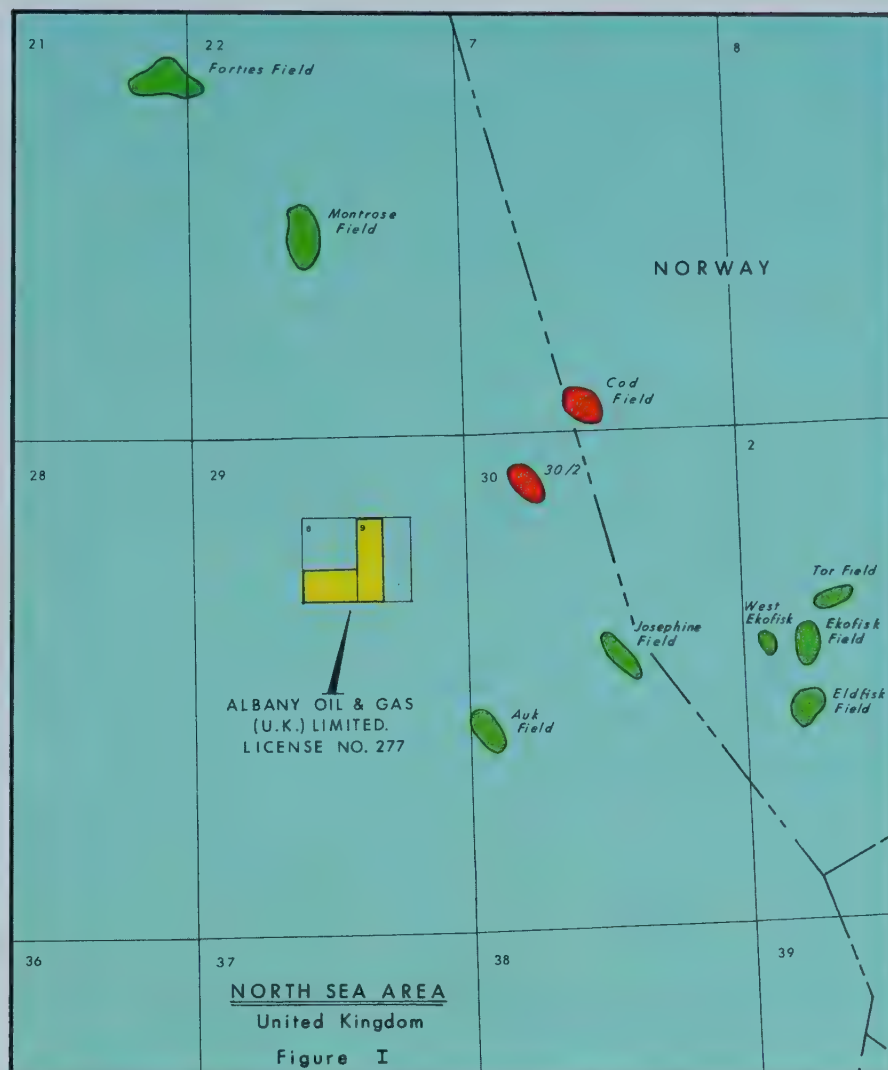
Albany Oil & Gas (U.K.) Ltd. and associates were awarded production licenses in U.K. Offshore areas on March 16, 1972. These licenses covered a total area of 773,000 acres in 13 blocks.

Participation in the licenses is as follows:

Selection of the blocks was based on preliminary geophysical information and additional geophysical work is currently being carried out. To date Albany and partners have accumulated 27,000 miles of geophysical coverage and future exploration will be largely determined by the results of the current seismic data and also the activities of other acreage holders in the area.

Company	Country	Percent
Albany Oil & Gas (U.K.) Limited	Canada	2%
Berkley Petroleums (U.K.) Limited	Canada	3%
Cornwall Resources (North Sea) Limited	Canada	2%
Geothermal Oil Limited	Canada	17%
A. Johnson Exploration Limited	Sweden	20%
Neste Exploration Limited	Finland	15%
The Petroleum Corporation Limited	U.S.A.	14%
Premier Consolidated Oilfields Ltd.	U.K.	10%
Shaheen Natural Resources Company Limited	U.S.A.	17%

North Sea Area



License No. 227 covers 50,557 acres in Blocks 29-8 and 29-9 on which there is an obligation to drill one exploration well in the first six years. These blocks are situated in a portion of the North Sea Geologic Basin which has already yielded in the order of fifteen or more major oil and gas fields in offshore areas of the United Kingdom, Norway, Denmark and The Netherlands.

Blocks 29-8 and 29-9 are located on the west flank of the North Sea Basin on general trend with and fifteen miles northwest of Auk Field. Preliminary seismic data indicate location of structural anomalies associated with these blocks. An exploratory well previously drilled by Shell on an adjacent block was stopped at a depth of 13,400 feet, however, information on the test and its significance is being held confidential by the operator.

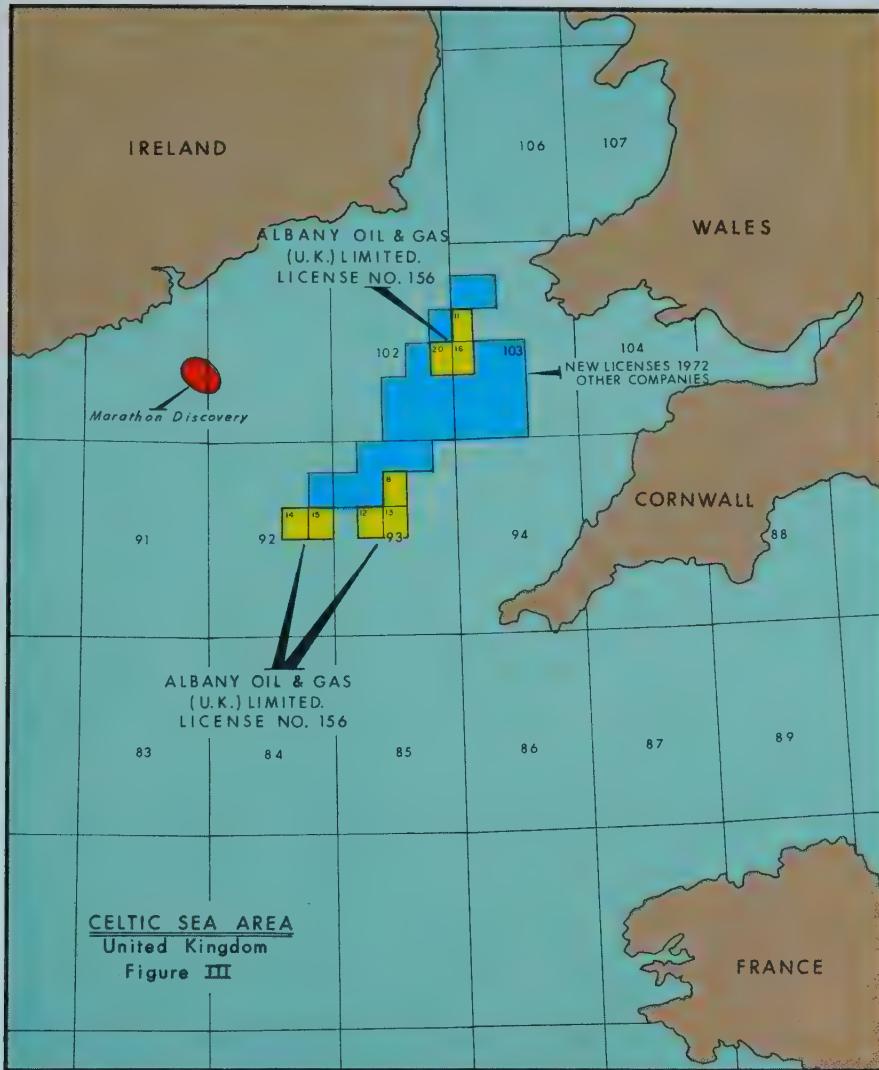
Multiple producing zones have been reported in at least eight geologic

formations, including Devonian, Permian, Triassic, Jurassic, Lower Cretaceous, Danian, Paleocene and Lower Tertiary, in reservoirs with pay thicknesses up to 800 feet and with producing rates reported in several wells in excess of 10,000 barrels per day.

On the basis of preliminary seismic data and general subsurface information, it is believed that essentially all of the foregoing list of productive formations will be found in this locality. At least one structural anomaly is indicated on the License.

Detailed seismic work was conducted in June and interpretation is anticipated shortly. Future exploration plans will be considered following analysis of the seismic data.

Celtic Sea Area



License No. 156 covers 515,104 acres in Blocks 92-14, 92-15, 93-8, 93-12, 93-13, 102-20, 103-11 and 103-16. Terms of the License provide an obligation to drill one well plus a contingent obligation for a second well subject to geologic merit.

The Celtic Sea Basin covers the offshore areas of the U.K. and Ireland, being about 160 miles in width and extending 200 miles out to the 600 foot water depth. A median ridge separates the area into two sub-basins, these being the Irish sub-basin and the U.K. sub-basin. The Albany awards are located only in the U.K. sub-basin which heretofore has not been explored except by geophysical methods. Four wells have been drilled in the Irish Basin and have reportedly yielded a dual gas and oil discovery.

Employing a popular technique to keep initial exploratory costs to a minimum, most of the Licensees in the U.K. sub-basin have pooled efforts

and are conducting a cooperative seismic program. Exchange of seismic data with other companies will make available sufficient coverage for a structural interpretation on each block in the light of geologic framework of the entire basin. Again, interpretation of the new data is anticipated within two to three months.

The blocks of the Albany Oil & Gas group appear to be related to several potential traps, the details of which can be better appraised by interpretation of new seismic data.

In each of the foregoing areas, the dominant position of major oil companies is of interest because of anticipated drilling activity in early stages of the Licenses. All areas are situated in water depths which are operable with present methods of drilling and development. In view of the quite favorable License terms, proximity of oil and gas markets,

demonstrated occurrence of major fields in the North Sea and the opportunity to participate in a currently unfolding exploration program, the U.K. offshore areas are considered among the most attractive in the world at this time.

Financial Highlights

The results of financial activities during the past year have paralleled the Company's exploration efforts. An amount in excess of three million dollars was expended on various projects with Albany's share being less than ten per cent of the total. This expenditure resulted in the discovery of 60 billion cubic feet of gas reserves for the Company and will provide a net cash flow of over twenty million dollars during the life of the projects. Engineering reports recently completed indicate a value of ten cents per thousand cubic feet based on a discount factor of 10% and initial on stream capital costs of \$750,000.

It is anticipated that these capital costs, in addition to the \$370,000 required for exercising the option to convert Albany's Ricinus royalty interest to a 5% working interest, will be raised through a combination of bank loans and gas contract prepayments. Equity financing, through the issuance of common shares, is not presently contemplated by management.

During the past 12 months a total of 1,450,495 common shares and 89,583 preference shares were issued for a total consideration of \$743,000 represented by \$595,000 in cash and notes receivable, \$127,000 in acquisitions of investments and petroleum interests and \$21,000 in payment of long term debt.

The Company has a satisfactory working capital position. Cash flows from current reserves are anticipated to commence in late 1973 which will secure the financial future for the Company.

Consolidated Balance Sheet - May 31, 1972

(with comparative figures at May 31, 1971)

	Assets	
	1972	1971
CURRENT ASSETS		
Cash and short-term deposits	\$ 97,812	\$ 45,638
Trust bank account	276,150	—
Accounts receivable	47,424	128
Current portion of notes receivable	80,000	—
	<u>501,386</u>	<u>45,766</u>
OTHER ASSETS		
Investments in other companies (no quoted market value) (note 2)	123,262	20,378
Notes receivable, less portion included in current assets (note 3)	160,000	—
	<u>283,262</u>	<u>20,378</u>
CAPITAL ASSETS (note 4)		
Petroleum and natural gas interests, at cost	306,024	135,113
Mineral interests	12,771	16,400
Office equipment, at cost	600	—
	<u>319,395</u>	<u>151,513</u>
	<u>\$ 1,104,043</u>	<u>\$ 217,657</u>
Liabilities		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 23,683	\$ 12,183
Payable to joint venture participants	276,150	—
Principal due within one year on long-term debt	25,000	25,000
	<u>324,833</u>	<u>37,183</u>
LONG-TERM DEBT (note 5)	<u>15,000</u>	<u>60,970</u>
INTEREST OF MINORITY SHAREHOLDER IN SUBSIDIARY COMPANY	<u>—</u>	<u>1,247</u>
Shareholders' Equity		
CAPITAL STOCK (note 6)		
Authorized		
5,000,000 8% Non-cumulative redeemable, convertible, voting preference shares, par value \$1 each		
10,000,000 Common shares without par value		
Issued		
89,583 Preference shares	89,583	—
4,181,209 Common shares (1971 - 2,730,714)	2,262,979	1,609,005
DEFICIT	<u>(1,588,352)</u>	<u>(1,490,748)</u>
	<u>764,210</u>	<u>118,257</u>
	<u>\$ 1,104,043</u>	<u>\$ 217,657</u>

Approved by the Board
G. R. TRAVIS, Director
R. W. A. BOAL, Director

Consolidated Statement of Income

Year Ended May 31, 1972

REVENUE

Sale of petroleum interests	\$ 50,308
Administration	8,280
Interest	2,648
	<hr/>
	61,236

EXPENSES

Salaries and employee benefits	\$ 65,954	
Business development	23,118	
Office	20,762	
Professional services	14,012	
Transfer agent and filing fees	10,654	
Shareholders' information	9,277	
Exploration	4,546	
Interest on long-term debt	3,294	
Other interest and bank charges	520	152,137
	<hr/>	<hr/>
		90,901

Loss on disposal of investments

Subsidiary company	3,720	
Other company	2,983	6,703
	<hr/>	<hr/>

LOSS FOR THE YEAR	\$ 97,604
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Loss per common share using the weighted monthly
average number of shares outstanding

\$.03

Consolidated Statement of Deficit

Year Ended May 31, 1972

(with comparative figures for 1971)

	1972	1971
Retained earnings (deficit) at beginning of year	\$ (1,490,748)	\$ 82,000
Deferred mining, exploration and administration expenses written off (note 4)	—	1,064,987
Mineral claims written down less minority interest (note 4)	—	443,611
Petroleum and natural gas interests written off (note 4)	—	64,150
Loss for the year	97,604	—
	<u>97,604</u>	<u>1,572,748</u>
DEFICIT AT END OF YEAR	<u>\$ 1,588,352</u>	<u>\$1,490,748</u>

Consolidated Statement of Source and Application of Funds

Year Ended May 31, 1972

(with comparative figures for 1971)

	1972	1971
SOURCE OF FUNDS		
Issue of capital stock (note 6)	\$ 743,557	\$ 142,000
Proceeds on disposal of investments	23,856	—
Long-term debt	—	85,970
	<u>767,413</u>	<u>227,970</u>
APPLICATION OF FUNDS		
Loss for the year	97,604	—
Less loss on disposal of investments which did not involve current funds	6,703	—
	<u>90,901</u>	<u>—</u>
Additions to investments	289,223	—
Additions to capital assets	173,349	123,128
Repayment of long-term debt	45,970	25,000
Exploration and administration expenses	—	59,053
	<u>599,443</u>	<u>207,181</u>
INCREASE IN WORKING CAPITAL	167,970	20,789
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF YEAR	8,583	(12,206)
WORKING CAPITAL AT END OF YEAR	<u>\$ 176,553</u>	<u>\$ 8,583</u>

Notes to Consolidated Financial Statements

Year Ended May 31, 1972

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Albany Oil & Gas Limited and its wholly owned subsidiaries, Congro Nickel Mines Limited and Albany Oil & Gas (U.K.) Limited.

2. INVESTMENTS IN OTHER COMPANIES

	1972	1971
675,000 Shares, (34%) (1971 - 135,000 (7%), Westrim Mining Corporation Limited, at cost	\$ 70,300	\$19,000
60,933 Shares (35%) Barriere Lake Minerals Ltd., at cost . .	51,584	—
79,178 Shares, Portage Avenue Gold Mines Limited, at cost	1,375	1,375
Sundry	3	3
	<u>\$123,262</u>	<u>\$20,378</u>

3. NOTES RECEIVABLE

Under an agreement approved by the shareholders of the company on August 26, 1971, the company issued 200,000 shares to each of G.R.T. Investments Ltd., K.P.B. Investments Ltd. and R.W.A.B. Investments Ltd. at 40 cents per share, for a total of \$240,000. The company received 6% promissory notes which are due in three equal annual instalments commencing March 31, 1973. The shares are held by the company's transfer agent as security against payment of the notes receivable.

4. CAPITAL ASSETS

	1972	1971
Petroleum and natural gas interests		
Lease and de- velopment ex- penditures . .	\$281,673	\$133,313
Production equipment . .	24,351	1,800
	<u>\$306,024</u>	<u>\$135,113</u>
Mineral interests		
Mineral claims	\$ 7,000	\$ 16,400
Deferred expenditures .	5,771	—
	<u>\$ 12,771</u>	<u>\$ 16,400</u>

Accounting practice

(1) Unproductive lease costs and applicable deferred development expenditures are written off when properties are surrendered.

(2) Depletion of productive lease and development expenditures will be provided on a unit of production basis when production commences.

(3) Depreciation of production equipment will be provided for over the estimated useful life when production commences.

(4) Mineral claims have been written down to \$100 per claim, which represents the estimated staking costs. The costs of unproductive properties will be written off when the properties are abandoned.

(5) Deferred mining exploration and administration expenses to May 31, 1971 have been charged to deficit.

5. LONG-TERM DEBT

	<u>1972</u>	<u>1971</u>
Advances from General Resources Development Limited . .	\$ —	\$20,970
5½% Notes payable (secured by certain petroleum and natural gas interests) . .	<u>40,000</u>	<u>65,000</u>
	40,000	85,970
Less principal included in current liabilities	<u>25,000</u>	<u>25,000</u>
	<u>\$15,000</u>	<u>\$60,970</u>
Principal due on the 5½% notes payable is as follows:		
March 15, 1973		\$25,000
March 15, 1974		<u>15,000</u>
		<u>\$40,000</u>

6. CAPITAL STOCK

Fully paid preference shares may be converted into common shares as follows:

- On or before December 31, 1972, 1 preference share for 1 common share.
- On or before December 31, 1974, 1½ preference shares for 1 common share.
- On or before December 31, 1976, 2 preference shares for 1 common share.

During the year ended May 31, 1972 the company issued 89,583 preference shares and 1,450,495 common shares as follows:

	<u>Shares</u>	<u>Amount</u>
Preference shares		
Acquisition of investments . .	<u>89,583</u>	<u>\$ 89,583</u>
Common shares		
Cash	700,000	355,000
Notes receivable (note 3)	600,000	240,000
Acquisition of investments . .	38,000	13,300
Petroleum and natural gas interests . . .	70,495	24,674
Payment of advances from General Resources Development Limited . . .	<u>42,000</u>	<u>21,000</u>
	<u>1,450,495</u>	<u>653,974</u>
		<u>\$743,557</u>

There are outstanding stock options to three officers of the company to acquire a total of 240,000 common shares at 50¢ per share, exercisable on a cumulative basis at the rate of 90,000 shares on or before August 1, 1972 and 75,000 shares on or before August 1 for each of the years 1973 and 1974.

7. STATUTORY INFORMATION

Remuneration paid to directors and senior officers during the year amounted to \$61,992 (1971 - \$16,026).

Auditors' Report

To the Shareholders of
Albany Oil & Gas Limited

We have examined the consolidated balance sheet of Albany Oil & Gas Limited and subsidiary companies as at May 31, 1972 and the consolidated statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at May 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON

Calgary, Alberta
July 13, 1972

Chartered Accountants

Directors

Jules E. Baert
Winnipeg, Manitoba

Kenneth P. Bottoms
Calgary, Alberta

Adam A. W. Kryczka
Calgary, Alberta

Gordon R. Travis
Calgary, Alberta

Ronald W. A. Boal
Calgary, Alberta

Officers

Gordon R. Travis
President

Kenneth P. Bottoms
Executive Vice-President

Ronald W. A. Boal
Secretary Treasurer

Transfer Agent and Registrar

Montreal Trust Company
Montreal, Winnipeg, Calgary, Vancouver

Registered Head Office

6th Floor, Bank of Canada Building
Lombard Place Number Three
Winnipeg

Executive Office

660 One Calgary Place, Calgary, Alberta

Auditors

Thorne, Gunn, Helliwell & Christenson
Calgary, Alberta

Solicitors

Fenerty, McGillivray, Robertson, Prowse, Brennan,
Fraser, Bell & Code
Calgary, Alberta

Thompson, Dewar, Sweatman
Winnipeg, Manitoba

Bank

Canadian Imperial Bank of Commerce
Calgary, Alberta

Stock Exchange Listings

Vancouver Stock Exchange
Canadian Stock Exchange



MANITOBA MINERAL PROPERTIES (Continued)

Geneva No. 3	Lease M1086	Lot 964	Group 124	Renewed 21 years from April 24, 1960
Geneva No. 4	Lease M1087	Lot 965	Group 124	Renewed 21 years from April 24, 1960
Geneva No. 5Fr.	Lease M1088	Lot 1205	Group 124	Renewed 21 years from April 24, 1960
Geneva No. 6Fr.	Lease M1089	Lot 1206	Group 124	Renewed 21 years from April 24, 1960
Geneva No. 7Fr.	Lease M1090	Lot 1207	Group 124	Renewed 21 years from April 24, 1960
Nipper	Lease M1136	Lot 1226	Group 124	Renewed 21 years from August 2, 1961
Gilbert No. 2	Lease M1137	Lot 1225	Group 124	Renewed 21 years from August 2, 1961
Gatlan	Lease M2540	Lot 1965	Group 124	Renewed 21 years from July 28, 1970
Gatlan No. 1	Lease M2541	Lot 1966	Group 124	Renewed 21 years from July 28, 1970
Gatlan No. 2	Lease M2542	Lot 1967	Group 124	Renewed 21 years from July 28, 1970
Gatlan No. 3	Lease M2543	Lot 1968	Group 124	Renewed 21 years from July 28, 1970
Gatlan No. 4	Lease M2544	Lot 1969	Group 124	Renewed 21 years from July 28, 1970
Gatlan No. 5	Lease M2545	Lot 1970	Group 124	Renewed 21 years from July 28, 1970
Argonaut No. 4	Lease M2733	Lot 2033	Group 124	Renewed 21 years from December 6, 1970
Argonaut No. 5	Lease M2734	Lot 2034	Group 124	Renewed 21 years from December 6, 1970
Argonaut No. 6	Lease M2735	Lot 2035	Group 124	Renewed 21 years from December 6, 1970
Marlin	Lease 448	Lot 278	Group 124	Renewed 21 years from December 8, 1966
High Ore	Lease 1251	Lot 750	Group 124	Renewed 21 years from January 3, 1971

No work was done on any of the aforementioned properties during the past year.

The Manitoba properties formed part of the assets acquired by the Company from Geneva Gold Mines Limited, Conley Mines Limited and Albany Gold Mines Limited in 1944.
(See Item 9 hereof.)

(c) Chromite — Bird River Area

<u>Claim No.</u>	<u>Recording Date</u>	<u>Expiry Date</u>
Gas 1 and 2	August 5, 1971	August 5, 1973
Gas 3 and 4	August 23, 1971	August 23, 1973
Gas 5, 6, 7 and 8	February 3, 1972	February 3, 1974
CBS5139	February 3, 1972	February 3, 1974

OIL AND NATURAL GAS PROPERTIES

Ontario

A 16 $\frac{2}{3}$ % working interest, subject to a 15% overriding royalty until payout, thereafter being reduced to an undivided 11 $\frac{2}{3}$ % working interest with no override in the petroleum and natural gas rights to 3,489.5 acres of freehold land immediately north of Port Dover, on the north shore of Lake Erie, Woodhouse Township, Ontario.

Area	Location	Rights Owned	Type of Ownership	Gross Acres	Net Acres	Burdens and Royalties	Albany's Interest
<i>Saskatchewan</i>							
<i>Hatton</i>							
TWP. 13-25W3	Sections N7, 18, 19, 30	Milk River formation	Leasehold	2,240	280	*	12 $\frac{1}{2}$ %
TWP. 13-26W3	Sections 1, 2, 11, 12, 13, 14, 23, 24, 25, NE26	Milk River formation	Leasehold	5,920	740	*	12 $\frac{1}{2}$ %
TWP. 13-26W3	Sections 3, 4, 6, 7, 8, 9, 10, 15, 16, 17, 18, 19, 20, 22, S27, 28, 29, 30, 31, 32, 34	Milk River and Medicine Hat formation	Leasehold	13,120	3,280	*	25%
TWP. 13-27W3	Sections 1, 2, 3, 10, 11, 12, 13, 14, 22, 23, 24, 25, NE26, SE27, NW27, 34, 35, 36	Milk River and Medicine Hat formation	Leasehold	10,080	2,520	*	25%
TWP. 13-27W3	Sections E15, NE27	Milk River formation	Leasehold	480	120	*	25%
TWP. 14-26W3	Sections 5, 6, 18, 19, N31	Medicine Hat formation	Leasehold	2,880	720	*	25%
TWP. 14-26W3	Sections 7, SW8, E8, 30, S31	Milk River and Medicine Hat formation	Leasehold	2,080	520	*	25%
TWP. 14-27W3	Sections 1, E9, 10, 11, 13, E21, 22, 23, NE26, 27, E28, SE33, S34, S35	Milk River and Medicine Hat formation	Leasehold	6,400	1,600	*	25%
TWP. 14-27W3	Sections 2, 3, 4, W9, 12, 14, 15, 16, W21, 24, 25, W28, W33, NE33, N34, N35, 36	Medicine Hat formation	Leasehold	8,480	2,120	*	25%

* The weighted average royalty including the crown royalty on all leases in the Hatton Area is 16.3%.

APPENDIX 1 (Continued)

OIL AND NATURAL GAS PROPERTIES (Continued)

Area	Location	Rights Owned	Type of Ownership	Gross Acres	Net Acres	Burdens and Royalties	Albany's Interest
<i>Saskatchewan (continued)</i>							
Senlac							
	TWP40-26-W3M	Sections 10, 11, 12, S13	Leasehold	2,244	729	Crown plus 8% on oil or 13% on gas	32.5%
<i>Alberta</i>							
Ricinus							
TWP34-8-W5M							
TWP34-8-W5M							
TWP33-8-W5M							
<p>(1) Royalty of 1.05% is convertible by Albany to a 5% net working interest upon the payment, prior to March 16, 1973, of approximately \$390,000 to the participants of this venture.</p>							
<p>(2) Royalty of 1.05% is convertible by Albany to a 16$\frac{2}{3}$% working interest upon the payment referred to above subject to a 15% convertible royalty payable to Amoco Canada Petroleum Company Limited. After Albany achieves payout Amoco may elect to convert its 15% royalty interest to a 70% working interest in which case Albany's interest would reduce to a 5% working interest.</p>							
<i>Viking</i>							
TWP47-13-W4M							
TWP47-13-W4M							
TWP48-13-W4M							
TWP48-14-W4M							

APPENDIX 1 (Continued)

OIL AND NATURAL GAS PROPERTIES (Continued)

Area	Location	Rights Owned	Type of Ownership	Gross Acres	Net Acres	Burdens and Royalties	Albany's Interest
<i>Alberta (continued)</i>							
Viking (continued)							
TWP47-14-W4M	Sections NE26, 28, 36	All rights	Leasehold	1,440	380	Crown plus 15% (3)	25%
TWP48-15-W4M	Section 36	All rights	Leasehold	640	160	Crown plus 15% (3)	25%
TWP49-13-W4M	Sections 4, 6, 18	All rights	Leasehold	1,920	480	Crown plus 15% (3)	25%
TWP48-14-W4M	Section W7	Natural gas only	Leasehold	320	80	Crown plus 15% (3)	25%
TWP49-14-W4M	Sections 2, 4, 6, 10, 11, 12, 14, 16, 18, 20, 22, 24, 28, 29, 30	All rights	Leasehold	9,600	2,400	Crown plus 15% (3)	25%
TWP49-15-W4M	Sections 2, 11, 12, 14, 24, 36	All rights	Leasehold	3,840	960	Crown plus 15% (3)	25%
TWP48-13-W4M	Section 20	All rights	Leasehold	640	136	Crown plus 6%	21.25%
TWP48-14-W4M	Section NE26	All rights	Leasehold	160	34	Crown plus 6%	21.25%

(3) The 15% royalty is convertible to a 50% working interest after payout at which time Albany's net working interest will be reduced to 12½%.

Tony Creek							
TWP61-20-W5M	Sections W7, W18	All rights	Leasehold	640	—	Crown	1% royalty
TWP61-21-W5M	Sections N34, N35	All rights	Leasehold	640	—	Crown	1% royalty
TWP62-21-W5M	Sections 31, 32	All rights	Leasehold	1,280	—	Crown	1% royalty

APPENDIX 1 (Continued)

OIL AND NATURAL GAS PROPERTIES (Continued)

Field	Location	Type of Ownership	Gross Acres	Net Acres	Burdens and Royalties	Albany's Interest
<i>Italy</i>	Offshore-Adriatic and Onshore Pollutri	BR-40-BL permit and Pollutri Permit	73,490	7,349	8%	10% (subject to a 1% gross overriding royalty)
<i>United Kingdom</i>	North Sea Basin Blocks 29-8 and 29-9	Production License No. 227	50,557	1,011	Crown plus 1%	2%
	Shetland and Orkney Islands area — Blocks 202-3, 166-20, 202-11, 202-16	Production License No. 176	207,391	4,148	Crown plus 1%	2%
	Celtic Sea Basin Blocks 92-14, 92-15, 93-12, 93-13, 102-20, 103-11, 103-16	Production License No. 156	515,104	10,302	Crown plus 1%	2%

APPENDIX 2 (Item 39)

<u>Name and Address of Officers and Directors</u>	<u>Office Held</u>	<u>Present Occupation and Principal Business During Past Five Years</u>
Jules E. Baert 1105 Royal Bank Building 220 Portage Avenue Winnipeg, Manitoba	Director	Chairman of the Board of Zytel Laser Systems Ltd., Chairman of the Board and director of Baert Construction Ltd., building contractors, from 1968 to 1971. Director of the company from 1965.
Gordon Ralph Travis 339 Willowridge Place S.E. Calgary, Alberta	President and Director	President of the Company since 1969; also President and Director of General Resources Development Ltd.; 1957-1969 employed by Richardson Securities of Canada.
Adam A. W. Kryczka 2205 Hope Street S.W. Calgary, Alberta	Director	President and Director of Pan Ocean Oil Ltd. and Vice-President and Director of Pan Ocean Oil Corporation; President of Resource Management Ltd. 1966-1968; President of Stampede Oils Ltd. 1968; President and Director of United Bata Resources Ltd. (N.P.L.) 1968-1970; Professional Geologist.
Kenneth P. Bottoms 343 Willowridge Place S.E. Calgary, Alberta	Vice-President and Director	Vice-President of the Company; Secretary-Treasurer Resource Management Ltd. 1966-1968; Secretary-Treasurer and co-manager of Stampede Oils Ltd. 1968; Vice-President and Director of United Bata Resources Ltd. (N.P.L.) 1968-1969; President and Director of Buttle Lake Mining Co. Ltd. 1969-1970; Vice-President of Operations and Director of Stampede International Resources Ltd. 1970-1971; Professional Geologist.
Ronald Boal, C.A. 804 Hunterston Cres. N.W. Calgary, Alberta	Secretary-Treasurer and Director	Secretary-Treasurer of the Company; 1966-1972, Secretary-Treasurer and Director of Monterey Petroleum Corporation Ltd., Leduc Calmar Oil Company Ltd., and Republic Resources Ltd.

FINANCIAL STATEMENTS

ALBANY OIL & GAS LIMITED (Incorporated under the laws of Manitoba) and subsidiary companies

CONSOLIDATED BALANCE SHEET — NOVEMBER 30, 1972 (with comparative figures at May 31, 1972)

ASSETS

	November 30	May 31
CURRENT ASSETS		
Cash and short-term deposits	\$ 76,468	\$ 97,812
Joint ventures		
Deposits held in trust	—	276,150
Accounts receivable from participants	365,796	—
Other accounts receivable	56,187	47,424
Current portion of notes receivable	80,000	80,000
	<u>578,451</u>	<u>501,386</u>
OTHER ASSETS		
Investments in other companies (no quoted market value) (Note 2)	121,888	123,262
Notes receivable, less portion included in current assets (Note 3)	160,000	160,000
Drilling deposits	7,500	—
	<u>289,388</u>	<u>283,262</u>
CAPITAL ASSETS (Note 4)		
Petroleum and natural gas interests, at cost	460,306	306,024
Mineral interests	13,231	12,771
Office equipment, at cost	1,637	600
	<u>475,174</u>	<u>319,395</u>
	<u>\$1,343,013</u>	<u>\$1,104,043</u>

LIABILITIES

	November 30
CURRENT LIABILITIES	
Joint ventures	
Payable to joint venture participants	
Accounts payable	\$ 365,796
Other accounts payable and accrued liabilities	40,279
Principal due within one year on long-term debt	25,000
	<u>431,075</u>
LONG-TERM DEBT (Note 5)	<u>215,000</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 6)	
Authorized	
5,000,000 8% Non-cumulative redeemable, convertible, voting preference shares, par value \$1 each	
10,000,000 Common shares without par value	
Issued	
89,583 Preference shares	85,583
4,211,209 Common shares (May 31 — 4,181,209)	2,277,979
DEFICIT	(1,670,624)
	<u>696,938</u>
	<u>\$1,343,013</u>

CONTINGENT LIABILITY (Note 7)

ALBANY OIL & GAS LIMITED
and subsidiary companies

CONSOLIDATED STATEMENT OF INCOME AND DEFICIT
FOR THE SIX MONTHS ENDED NOVEMBER 30, 1972
(with figures for the year ended May 31, 1972)

	<u>November 30</u>	<u>May 31</u>
Revenue		
Sale of gas, net	\$ 963	
Sale of petroleum interests	—	\$ 50,308
Administration ..	4,860	8,280
Interest	7,903	2,648
	<u>13,726</u>	<u>61,236</u>
Expenses		
Salaries and employee benefits	33,286	65,954
Business development	17,255	23,118
Office	17,169	20,762
Professional services	10,524	14,012
Transfer agent and filing fees	2,780	10,654
Shareholders' information	9,651	9,277
Exploration	1,175	4,546
Interest on long-term debt	1,100	3,294
Other interest and bank charges	1,684	520
	<u>94,624</u>	<u>152,137</u>
	<u>80,898</u>	<u>90,901</u>
Write down of investment	1,374	—
Loss on sale of investments		
Subsidiary company	—	3,720
Other company ..	—	2,983
	<u>1,374</u>	<u>6,703</u>
LOSS FOR THE PERIOD	<u>82,272</u>	<u>97,604</u>
Deficit at beginning of period	1,588,352	1,490,748
DEFICIT AT END OF PERIOD	<u>\$1,670,624</u>	<u>\$1,588,352</u>
LOSS PER COMMON SHARE , based on weighted average of common shares outstanding during the period	<u>\$.020</u>	<u>\$.027</u>

AUDITORS' REPORT

To the Directors of
Albany Oil & Gas Limited

We have examined the consolidated balance sheet of Albany Oil & Gas Limited and subsidiary companies as at November 30, 1972, and the consolidated statements of income and deficit and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1972, and the results of their operations and the source and application of their funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Calgary, Alberta
December 27, 1972

THORNE GUNN & CO.
Chartered Accountants

ALBANY OIL & GAS LIMITED
and subsidiary companies

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 1972
(with figures for the year ended May 31, 1972)

	<u>November 30</u>	<u>May 31</u>
SOURCE OF FUNDS		
Issue of capital stock	\$ 15,000	\$743,557
Proceeds from production loan	200,000	—
Proceeds from sale of investments	—	23,856
	<u>215,000</u>	<u>767,413</u>
APPLICATION OF FUNDS		
Loss for the period	82,272	97,604
Less loss on investments	1,374	6,703
	<u>80,898</u>	<u>90,901</u>
Funds applied to operations	—	289,223
Additions to investments	155,779	173,349
Additions to capital assets	—	45,970
Repayment of long-term debt	7,500	—
Drilling deposits	<u>244,177</u>	<u>599,443</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(29,177)	167,970
WORKING CAPITAL AT BEGINNING OF PERIOD	176,553	8,583
WORKING CAPITAL AT END OF PERIOD	<u>\$147,376</u>	<u>\$176,553</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 1972

1. BASIS OF CONSOLIDATION AND ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the accounts of Albany Oil & Gas Limited and its wholly-owned subsidiaries, Conrego Nickel Mines Limited and Albany Oil & Gas (U.K.) Limited.

(b) Accounting policies

- (i) Unproductive lease costs and related deferred development expenditures are written-off when properties are surrendered.
- (ii) Depletion of productive lease and development expenditures will be provided on a unit of production basis when production commences.
- (iii) Depreciation of production equipment will be provided on its estimated useful life when production commences.

2. INVESTMENT IN OTHER COMPANIES

	<u>November 30</u>	<u>May 31</u>
675,000 Shares (34%), Westrim Mining Corporation Limited, at cost	\$ 70,300	\$ 70,300
60,933 Shares (35%), Geneva Resources Ltd. (N.P.L.) (formerly Barriere Lake Minerals Ltd.), at cost	51,584	51,584
Sundry	4	1,378
	<u>\$121,888</u>	<u>\$123,262</u>

3. NOTES RECEIVABLE

Under an agreement approved by the shareholders of the company on August 26, 1971, the company issued 200,000 shares to each of G.R.T. Investments Ltd., K.P.B. Investments Ltd. and R.W.A.B. Investments Ltd. at 40 cents per share, for a total of \$240,000. The company received 6% promissory notes which are due in three equal annual installments commencing March 31, 1973. The shares are held by the company's transfer agent as security against payment of the notes receivable.

4. CAPITAL ASSETS

	<u>November 30</u>	<u>May 31</u>
Petroleum and natural gas interests		
Lease and development expenditures	\$433,426	\$281,673
Production equipment	26,880	24,351
	<u>\$460,306</u>	<u>\$306,024</u>

No provision has been made for depletion and depreciation for the six months ended November 30, 1972, as the amounts are immaterial.

Mineral interests

Mineral claims are essentially valued at \$100 each and deferred expenditures relating to the claims total \$5,771 at May 31, 1972, and November 30, 1972.

Under the terms of a farmout agreement, the company has a right to convert its 1.05% overriding royalty to a 5% working interest in the farmout lands by paying the other participants a percentage of their costs. If the right is exercised, the total expenditures would be approximately \$370,000. This right expires in March, 1973.

5. LONG-TERM DEBT

	<u>November 30</u>	<u>May 31</u>
5½% Notes payable, secured by certain petroleum and natural gas interests	\$ 40,000	\$40,000
Less principal due March 15, 1973	25,000	25,000
Principal due March 15, 1974	15,000	15,000
Bank production loan, secured by assignment of accounts receivable and the company's interest in certain petroleum properties and repayable from production proceeds	200,000	—
	<u>\$215,000</u>	<u>\$15,000</u>

6. CAPITAL STOCK

Fully paid preference shares may be exchanged for common shares as follows:

On or before December 31, 1972, one preference share for one common share.

On or before December 31, 1974, one and one-half preference shares for one common share.

On or before December 31, 1976, two preference shares for one common share.

At November 30, 1972, there were options outstanding to three officers of the company to acquire a total of 210,000 common shares at 50 cents per share. These options are cumulative and 135,000 are exercisable on or before August 1, 1973, and 75,000 on or before August 1, 1974. During the six months ended November 30, 1972, 30,000 shares were issued to an officer for \$15,000 cash.

7. CONTINGENT LIABILITY

The company is contingently liable for any damages incurred as a result of its off-shore exploration activities in the Adriatic Sea and in this respect has lodged a \$50,000 pollution control bond with the Italian government.

8. STATUTORY INFORMATION

Remuneration paid to directors and senior officers during the period amounted to \$30,000 (year ended May 31, 1972 — \$61,992).